ANNUAL REPORT 1952

THE BORDEN COMPANY

The portrait of Elsie on the cover of this Report is a new version of BORDEN's famous trade character which will soon become standard. The daisy that frames her head emphasizes the company symbol and brings quick recognition wherever it appears–on packages and vehicles, and in BORDEN advertising. The new design points up Elsie's warm appeal, her demonstrated ability to win friends and customers for BORDEN's, and the country freshness of her products.

Annual Report

FOR 1952

THE BORDEN COMPANY

Board of Directors

Officers

THEODORE G. MONTAGUE, *President*

HAROLD W. COMFORT, *Executive Vice President*
CHARLES A. ECKBURG, *Vice President*
WILLIS H. GURLEY, *Vice President*
CHARLES F. KIESER, *Vice President*
WILLIAM F. LEICESTER, *Vice President*
HARRY A. ROSS, *Vice President*
ROY D. WOOSTER, *Vice President*
EVERETT L. NOETZEL, *Treasurer*
DOUGLAS T. ORTON, *Secretary*
CECIL I. CROUSE, *Assistant Vice President*
JOSEPH O. EASTLACK, *Assistant Vice President*
STUART PEABODY, *Assistant Vice President*
THEODORE O. HOFMAN, *General Controller*
HARRY L. CAMP, *Assistant Treasurer*
LOUIS CSENGE, *Assistant Secretary*
KENNETH J. NEAGLE, *Assistant Secretary*

Corporate Data

EXECUTIVE OFFICES
350 Madison Avenue, New York 17, N. Y.

REGISTERED OFFICE
117 Main Street, Flemington, N. J.

AUDITORS
Haskins & Sells
250 Park Avenue, New York 17, N. Y.

GENERAL COUNSEL
Milbank, Tweed, Hope & Hadley
15 Broad Street, New York 5, N. Y.

REGISTRAR
Bankers Trust Company
16 Wall Street, New York 5, N. Y.

TRANSFER AND DIVIDEND DISBURSING AGENT
The Chase National Bank of the City of New York
11 Broad Street, New York 15, N. Y.

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THE PAST FIVE YEARS

Operating	1952	1951	1950	1949	1948
Sales	$768,019,612	$722,770,380	$631,114,120	$613,763,267	$649,592,375
Payrolls	$134,784,228	$122,158,335	$113,004,008	$109,780,054	$106,131,433
Taxes	$ 25,317,202	$ 28,525,684	$ 24,345,684	$ 20,889,928	$ 17,554,001
Depreciation	$ 12,301,608	$ 11,285,846	$ 10,366,594	$ 9,661,874	$ 8,512,816
Dividends	$ 12,027,145	$ 12,036,366	$ 12,019,910	$ 11,593,320	$ 10,944,885
Net Income	$ 17,667,137	$ 18,080,371	$ 20,147,073	$ 21,890,479	$ 19,179,427
Per Sales Dollar	2.30¢	2.50¢	3.19¢	3.57¢	2.95¢
Per Share	$4.11	$4.20	$4.69	$5.10	$4.46

Financial					
Working Capital	$115,921,287	$114,987,211	$101,355,105	$106,653,894	$105,918,817
Current Assets: Current Liabilities	3.89:1	3.86:1	3.73:1	4.01:1	4.28:1
Inventories	$ 81,878,083	$ 73,742,837	$ 54,906,173	$ 48,988,814	$ 57,636,783
Net Property and Equipment	$117,763,119	$115,887,834	$109,570,626	$100,205,090	$ 96,583,379
Borrowed Capital	$ 58,750,000	$ 60,000,000	$ 45,800,000	$ 47,200,000	$ 48,600,000
Stockholders' Equity	$177,012,551	$172,017,360	$166,269,312	$159,759,940	$150,349,937

Other					
Shares Outstanding	4,295,000	4,300,000	4,300,000	4,291,000	4,300,000
Dividends per Share	$2.80	$2.80	$2.80	$2.70	$2.55
Number of Stockholders	51,324	51,479	51,121	52,386	51,788
Number of Employees	32,564	32,475	31,545	31,166	31,483

The President's Report

TO STOCKHOLDERS AND EMPLOYEES

THE CURRENT AMERICAN BOOM has no parallel in all history. For three successive years the national income has climbed steadily. Some corporations have shared in this prosperity; some have not. Our Company's profits have followed the general trend of the food industry and declined.

The boom is accompanied by the usual symptoms. Wages have moved up rapidly, but productivity is lagging. Rising costs are posing problems faster than technology and managerial ingenuity can solve them. Overproduction is putting an edge on competition and margins are being whittled down.

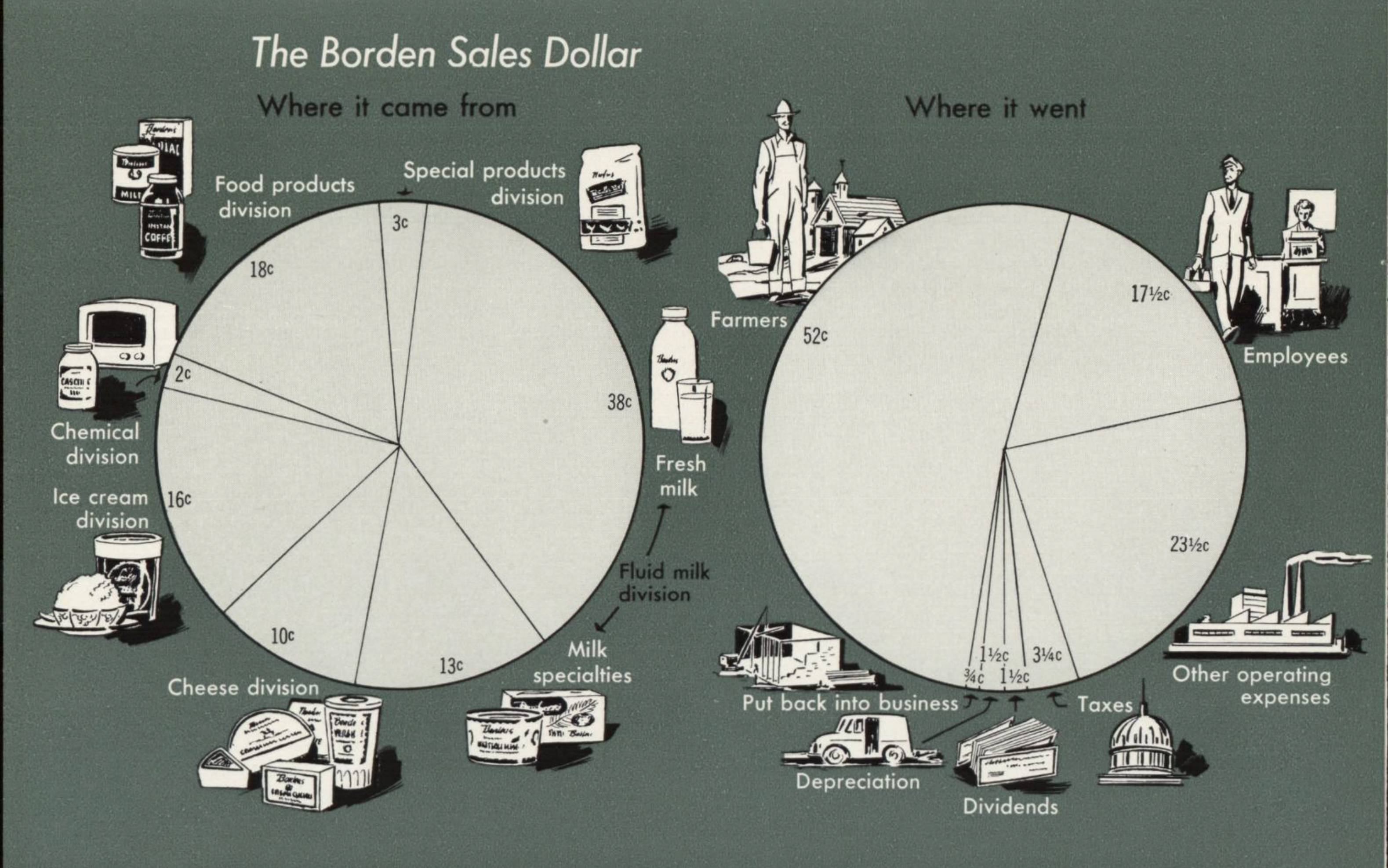
These conditions exist, although in lesser degree, in normal times as well as in a boom. Given time and enough freedom of action, competent management can cope with them. But management cannot, of itself, resolve the problems that have been generated by the government-industry relationship that has been twenty years in the making.

A review of this relationship is now expected by the people. In electing a new administration, the majority indicated they had a good grasp of basic economics, an ability to trace inflation back to the government policies responsible for it, and an awareness that events of recent years have hurt the individual — his initiative and sense of responsibility as well as his pocketbook.

There are signs that government meddling with our economic life has reached the high tide mark and will recede. Price controls and similar economic hobbles that slowed down progress — but failed to keep inflation in check — have for the most part been removed. And taxing and spending policies are already getting a long-delayed overhaul.

Each group is, of course, eager for relief from the ill that affects it most. The common interest, however, demands that the Federal budget be balanced. Other fiscal reforms are also in order. Certainly there should be an early review of the high corporate tax rate to provide relief for business and its tax-exploited stockholders.

A balanced, wholesome government approach to the country's problems will encourage both industry and individuals to again exercise initiative and discharge responsibility in what we have come to regard as the American way. Then, steady and solid progress toward better living standards can be resumed. In anticipation of these changes we look forward to 1953 as a better year than the one we now report.



SALES Improving for the third successive year, the sales of the Company and its consolidated subsidiaries were the highest in history. They amounted to $768,019,612, up 6% from the $722,770,380 of 1951. Greater volume was the principal factor in the increase — higher prices a minor one. Domestic volume of most major products increased.

PROFITS Despite larger business volume, net income declined. It was $17,667,137, about 2% lower than the $18,080,371 of 1951. It amounted to $4.11 per share, as compared with $4.20 in 1951.

Our profit was 2.3 cents per dollar of sales. This compared with 2.5 cents in 1951, and with our 20-year average of 2.9 cents. It was the lowest return on sales since 2.1 cents in 1935. The decline was due principally to conditions about which we warned a year ago. Price controls, and their inequitable administration, penalized us heavily. Unfortunately, some of the worst price squeezes came in milk markets where our business is substantial. Similar situations hurt our soy bean operations, while other product groups suffered to a lesser degree.

Our group of unconsolidated foreign and domestic subsidiaries paid us dividends of $570,850, which are included in our net income. In 1951 we received $44,000 from them. Our equity in their earnings was approximately $1,250,000, as compared with $1,850,000 in 1951.

TAXES Our U. S. and Canadian Federal income taxes totaled $15,742,410. This was $3,386,131 less than 1951 taxes of $19,128,541. U. S. taxes were lower because our taxable income declined; this removed us from the excess profits tax bracket, and brought us a credit of $774,511 from our 1951 income tax payments. During the year the Bureau of Internal Revenue completed its review of all the Company's previously unsettled income taxes up to and including 1949. We made a final payment of $778,601, which was charged to a reserve maintained for this purpose.

DIVIDENDS We paid dividends of $2.80 per share, the same as in 1951. Our 171st dividend, on Dec. 20th, completed 54 years of uninterrupted payments to stockholders.

INVENTORIES Our year-end inventories of $81,878,083 were the highest on record — up 11% from 1951. There are several reasons for the increase. The unusual high milk production in the fall increased our stores of some milk products. Also, the trade generally is carrying smaller stocks and depending to a greater extent on manufacturers' inventories. We do not, however, consider these higher inventories burdensome in view of our total volume of business and the continuing consumer demand for dairy products. Our inventory values would have been $10,032,415 higher had we not some years ago adopted the last-in, first-out (LIFO) basis of valuation for certain products.

WORKING CAPITAL The current assets of $156,040,683 and current liabilities of $40,119,396 gave us a balance of $115,921,287 as working capital. The ratio of these assets to liabilities was 3.89 to 1.

CAPITAL EXPENDITURES For modernization and expansion of plants and equipment, the Board of Directors authorized a capital expenditures budget of $12,485,000 for 1953. To this may be added approximately $5,900,000, previously approved but not spent in 1952, when expenditures were about $12,500,000.

The capital expenditures program for 1953 will be supplemented by leasing arrangements, which have already been used on a limited basis. We shall rely somewhat more on leased automotive and refrigerating equipment, as well as real estate.

PLANTS AND PROPERTIES Our Chemical Division plants at Demopolis, Ala., and Dominguez, Calif., were completed. Significant improvements were undertaken by the Fluid Milk, Ice Cream and Food Products Divisions. The last-named division began improvements on our instant coffee plant at Newport, N. Y., and is converting our milk plant at Macon, Miss., to provide a second plant for this product. Ground was broken for a new ice cream plant at Woburn, near Boston, Mass. Work is under way on additions to milk plants at Dayton, O., and Indianapolis, Ind., and combination milk and ice cream plants at San Antonio, Tex., and Augusta, Ga.

In Miami, Fla., a major airline purchases BORDEN'S *milk, chocolate drink, buttermilk and cream for shipment to areas in Central and South America.*

Executive Vice President Harold W. Comfort (left), presents a 25-year service certificate to President Theodore G. Montague. Occasion was the 8th Annual Borden Quarter Century Club dinner.

CANADA Sales and profits of our Canadian operations were better. Since selling prices averaged about the same, the improvement came chiefly from larger volume. Profit was 1.75 cents per dollar of sales — up from the 1.46 cents of 1951, but still below the long-term experience. The rate of profit on fluid milk sales was again below the average for the operations as a whole.

We shared in the continuing healthy growth of the Canadian economy. However, newly-developed areas are not, at this time, promising markets for our fluid milk and ice cream because they are too thinly populated.

Sales of our manufactured dairy products were hurt by the decline in values resulting from a surplus of milk for manufacturing purposes. Surpluses occurred as favorable weather increased production, and because the United Kingdom ceased its purchases of Canadian cheese.

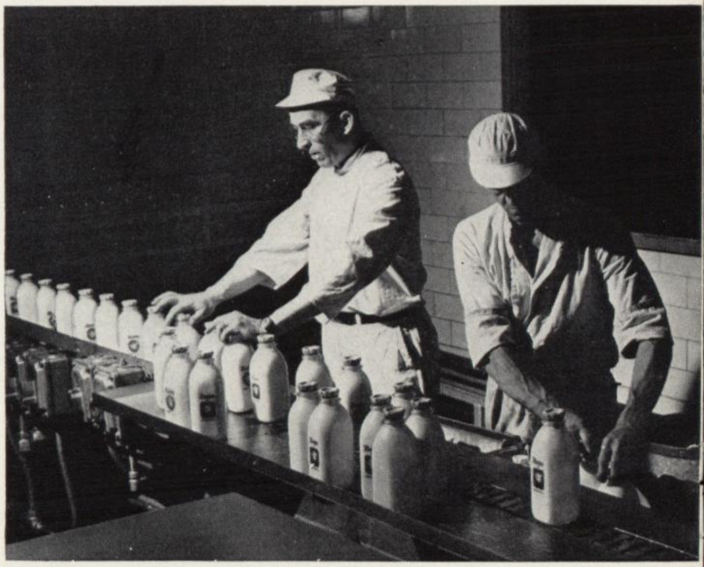
New products were introduced: STARLAC nonfat dry milk; a sliced process cheese; ice cream bon bons; and NUTRILAC, an infant food.

We intensified efforts to offset rising costs. Progress in transportation and refrigeration enabled us to consolidate some plants and plan future improvements. Further economies are expected when the industry can reduce the frequency of fluid milk deliveries in more cities — a move which has enabled U. S. dealers to ease the effect of rising costs on consumer prices.

Purchases from farmers totaled $22,458,271, up 1% from 1951. Payrolls rose 8% to $8,692,634. Taxes of all kinds — Federal, provincial and municipal — were about 17% higher.

COMPANY OWNERSHIP There was little change in the wide distribution of BORDEN stock. The ownership of the Company was shared by 51,324 stockholders at the end of the year, as compared with 51,479 a year before. The average holding remained at 84 shares, with no stockholder owning as much as 1% of the total. There were 4,295,000 shares outstanding, as against 4,300,000 a year ago.

LITIGATION The Company was involved in little new litigation of a significant nature. Some New Jersey milk producers, challenging the validity of a Federal Milk Marketing Order, sued the Company, several other dealers, and administrative offi-



In loading milk cases by hand — a system now passing — two men are needed to keep pace with the milk bottle delivery line.

cials as well. In several of the anti-trust actions involving BORDEN'S and principal competitors in Chicago, dismissals were obtained and settlements made. Several cases of a similar kind brought under Federal or state laws are pending.

THE EMPLOYEES The stability of employment in the Company was shown by the new record set by the BORDEN Quarter Century Club. Its 1952 enrollment numbered 5,522 employees who have served the Company 25 years or more, with better than 4,600 still in our service.

Most eligible employees were covered by voluntary contributory group insurance plans. The life insurance plan covered 18,231 employees, and paid 173 death claims totaling $573,000; in a 17-year period it has paid out more than $6,500,000. Our accident and health plan, covering non-occupational risks, gave additional protection to 18,652 employees and paid 2,211 claims totaling $405,545; since its adoption in 1938 the plan has provided $2,200,000 in benefit payments.

In addition, employees are encouraged to enroll in the Blue Cross Hospital and Blue Shield Surgical-Medical plans in communities where these programs are available.

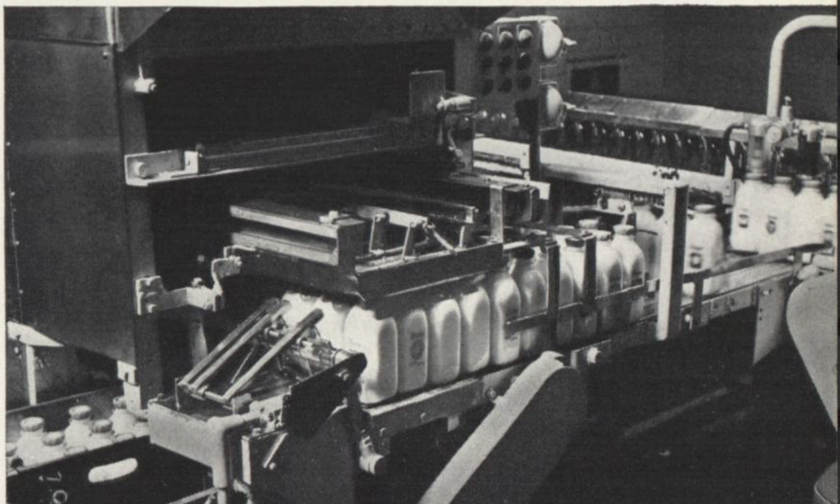
SAFETY PROGRAMS Results of our accident prevention work were below expectations. The accident frequency rate in our plants was about the same as in previous years and compared favorably with other concerns. On the other hand, our motor vehicles, which form one of the largest fleets in the country, were involved in some serious and costly accidents. We are concerned about this experience, and are working to restore the good record that we achieved through years of accident-prevention work.

ADVERTISING We continued our national advertising programs — one promoting BORDEN'S and its products as a group, the other merchandising individual products. All principal media were employed in the various programs.

TV accounted for a considerably larger share of total advertising expenditure than in previous years. The popularity of "Treasury Men In Action," our national network program, showed a good gain. Singled out for special honors, it was cited by Sylvania Awards as the best documentary TV drama of the year. It also received an award from the Chicago Internal Revenue Post of the American Legion for its contribution to social responsibility.

In addition, local advertising campaigns were

Using a hand-operated casing machine, this operator, working while seated, picks up and loads six bottles at a time.



Some of our larger plants now have this completely automatic loader. The machine picks up twelve bottles and places them in a case.

carried on both TV and radio. Local TV shows were used in 37 principal marketing areas, and local radio campaigns in 155 markets.

Newspapers were again used extensively, and the Company ranked as the sixth largest food advertiser in national magazines.

The use of Elsie was extended, not only in advertising but on packages and vehicles as well. The live Elsie herself was again busy, making personal appearances before an estimated audience of nearly one million.

IN CONCLUSION Death and retirement took their toll and brought changes in our executive group.

A. Brooks Pray, who during 40 years of service rose from salesman to Assistant Treasurer, died on September 29th. Harry L. Camp continued as Assistant Treasurer, relinquishing his other post as General Auditor. He was succeeded in this capacity by Robert G. Bell.

Harold K. Kramer, because of ill health, resigned as Assistant Vice President on April 9th, but continues as an advisor.

William H. Marcussen, also 40 years with the Company, retired as Vice President on December 31st. A leader in the milk industry, he started with the Company as a bacteriologist and, after holding many important posts, became head of our Fluid Milk Division in 1944. He continues as an advisor.

On Mr. Marcussen's retirement we consolidated our fluid milk and ice cream operations into a single division. The merger was a logical move because so many of these operations are now conducted as joint businesses.

Roy D. Wooster, Vice President who had headed our Ice Cream Division, has direction of the new consolidated division, and Joseph O. Eastlack, Assistant Vice President, is General Manager of the fluid milk operations.

* * *

The year was an unusually trying one for many of our people. For, where their efforts should have resulted in success, they were balked by circumstances beyond their control. I sincerely thank them and all other employees who have loyally served the Company during the year.

* * *

For the second successive year the American Institute of Management rated the Company as "excellent" on the basis of its management practices. This rating was accorded to only 330 of the more than 3,000 companies studied by the Institute.

* * *

Comments on our operating divisions, and general information about the Company appear on the pages that follow. The Company's financial statements and the certificate of the independent auditors are on pages 20–24.

Theodore G. Montague
President

February 18th, 1953

Called dairy industry's balance wheel, ice cream has seasonal demand that coincides with periods of surplus milk production.

Ice Cream

SALES OF ICE CREAM and related products continued to increase. There was not, however, a corresponding rise in profits. The advantages of greater volume and improved efficiency brought about by new equipment were more than offset by rising costs.

A major shift in the retailing of ice cream was reported during the year. More ice cream now moves through groceries and super-markets than through any other channel (although sales of ice cream per outlet still average higher in drug stores). The changing trend stepped up the demand for our packaged ice cream because self-service is the usual rule in large food stores, and they rarely handle bulk products.

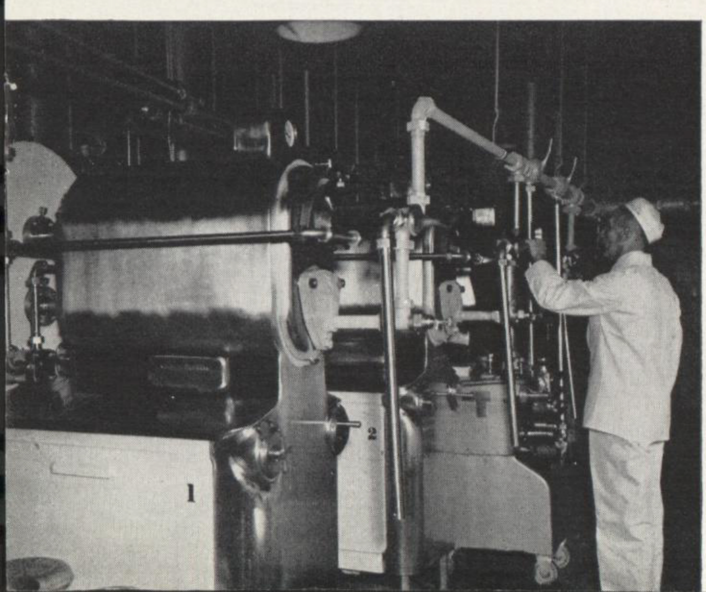
Consumer habits changed also. A great increase in the number of home freezers for the storage of food brought a good gain in the sales of ice cream in half-gallon containers. Diet-consciousness caused many people to turn to low-calorie desserts; as a result of this, sales of our sherbets showed an increase.

The popularity of LADY BORDEN, our premier ice cream, again increased. Consumer interest continued to be attracted by a strong national advertising campaign and held by the unique high quality of this product.

An interesting development was the introduction in many markets of frozen desserts that are based on vegetable oils instead of the butter-fat which characterizes ice cream. Wherever we make these frozen desserts they are of high quality, and advertised and labeled plainly so that no consumer will mistake them for ice cream.

In making ice cream we use only dairy products and do not blend cream with less expensive fats. While there is much speculation in the dairy industry about the possible effect of vegetable-oil desserts on ice cream sales, we believe it is too early to draw conclusions.

Batteries of continuous-process freezers prepare ice cream under the most sanitary conditions. The Division maintains approximately 65 ice cream plants and 175 distributing points.



Pint and half-gallon packages. The larger size is handy for parties and other home gatherings. LADY BORDEN, *in its distinctive container, is our special high quality ice cream.*

Fluid Milk

RESULTS OF FLUID MILK OPERATIONS were mixed. The Division as a whole did not earn a satisfactory profit, chiefly because Government price regulations hurt us in some large markets. Several developments, however, warrant optimism: Some bad price squeezes were eased; our sales rose more than the industry's, with specialty products showing the best gain; and there were important moves toward greater efficiency.

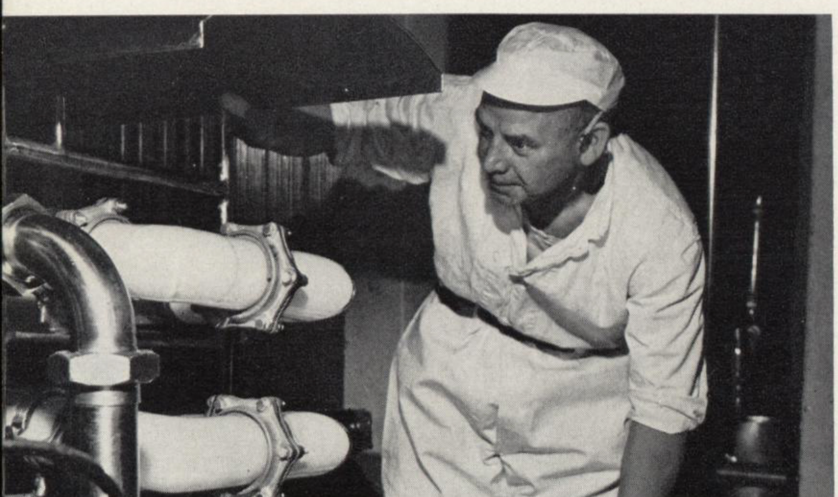
Typical of the aids to plant operations are the new techniques for handling bottles. Our largest units now have machines which automatically unload milk bottles from cases. Machines which automatically load milk bottles into cases have also been developed, and are now installed in some of our plants.

Reduction in the frequency of delivery in several markets has improved efficiency. Another aid will be the introduction, in 1953, of fleets of refrigerated trucks in five markets. This system will permit direct loading of trucks from bottle fillers and eliminate the present need for larger cold storage rooms. It will also afford better protection to our products and prevent losses from spoilage during delivery.

The use of tank trucks for collecting milk from farms was extended. This method eliminates the older practice of handling milk in cans, assures a high quality product and reduces waste.

The results of these moves toward both distributing and plant efficiency were limited in 1952 by the narrowness of some profit margins. Their effect should be felt in the future, however.

Glass piping has been installed on the pasteurizers in several of our plants. Glass pipes promise to be easier to maintain at top sanitary condition than even stainless steel.



Below . . . Fluid milk, the Division's principal product, and some specialty items. GAIL BORDEN SIGNATURE QUALITY MILK *is our vitamin-and-mineral fortified premium milk.*

Left . . . Milk—nature's most nearly perfect food—is a delicate and perishable product. To bring just one quart of milk from the farm to the consumer involves the activities of scores of men and machines.

Cheese

A rich and convenient source of minerals and proteins, cheese is rapidly becoming one of the nation's most important foods.

SALES OF OUR CHEESE DIVISION improved. A marked increase in sales of items bearing the BORDEN brand brought us a better share of the important specialty business.

The higher consumption of cheese helped our business. Preliminary estimates indicate a consumption of 7.5 lbs. per person — the second highest on record. Although American cheddar accounts for the greatest part of the cheese supply, there was a sharp increase in the demand for other types of cheese which we actively promote and for which we have a strong consumer acceptance.

A counter-seasonal trend in cheese prices occurred during the year. The market normally responds to the trend of production and storage stocks. Prices fall in early spring as production goes up, then rise in mid-summer as milk output declines. In 1952, however, the early drought led many to believe that supplies would be short. The market rose sharply, then dropped counter-seasonally as autumn production rose above 1951 levels. However, we were still able to earn a profit.

We are expanding production facilities. Having outgrown our Buffalo, N. Y., plant, we shall use it only for distribution, and move our processing operation to Delevan, N. Y. New high-speed equipment installed there and at our Sterling, Ill., plant will increase output. Our capacity for manufacturing biscuits will be increased 50% by a new plant to be located at Dallas, Tex., which will also serve as a cheese distributing warehouse.

Below . . . Packing Bake 'n Eat Biscuits at our Los Angeles plant. As the name implies, biscuits are ready to eat, except for baking.

Above . . . The products of Borden's Cheese Division are to be found in most good food stores in the United States. Some of them are also familiar in many countries overseas.

Special Products

THIS DIVISION, which contributed substantially to profits in other years, experienced reverses. Its sales declined, but the principal troubles stemmed directly from unsettled conditions in the soy bean industry.

The Division buys beans and processes them into oil and meal. But throughout the year, oil sold at distressingly low prices because of a world surplus of fats and oils.

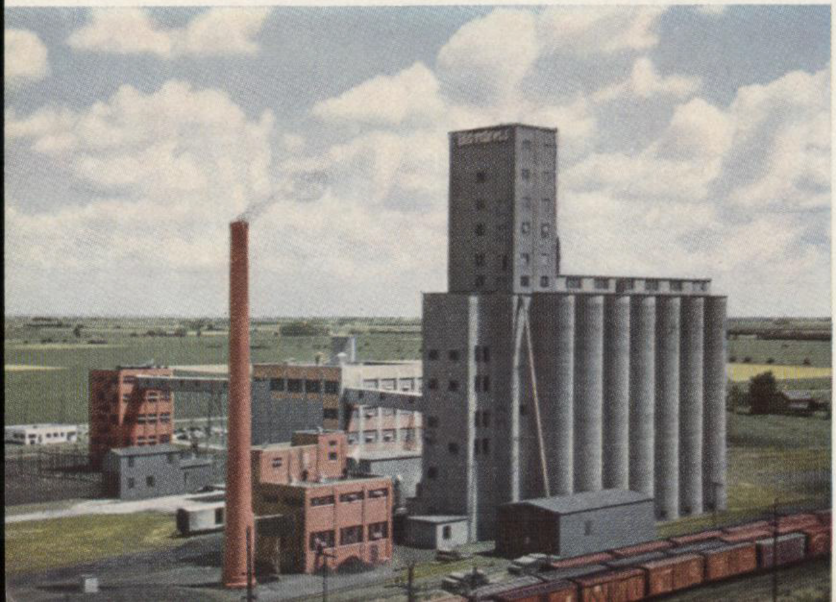
The situation would not have been so bad had a good price been obtained for meal. But, during the period when demand for soy meal was strong, price ceilings prevented processors from operating profitably. And when the ceiling was lifted, demand had dropped because good pasture and plentiful feed supplies discouraged the use of soy bean meal.

Sales of the Animal Feeds Department showed a sizeable increase. The Prescription Products Department advanced the sales of BREMIL, its newest infant feeding product, and MULL-SOY, a soy product designed for people allergic to milk. The Department further improved its position by dropping several low-volume items from its line.

Research toward new and better products was intensified. A new laboratory was established at Elgin, Ill., and remodeling of our food plant in the same city was completed. Other facilities for food products were enlarged and improved by converting a plant at Brooklyn, N. Y.

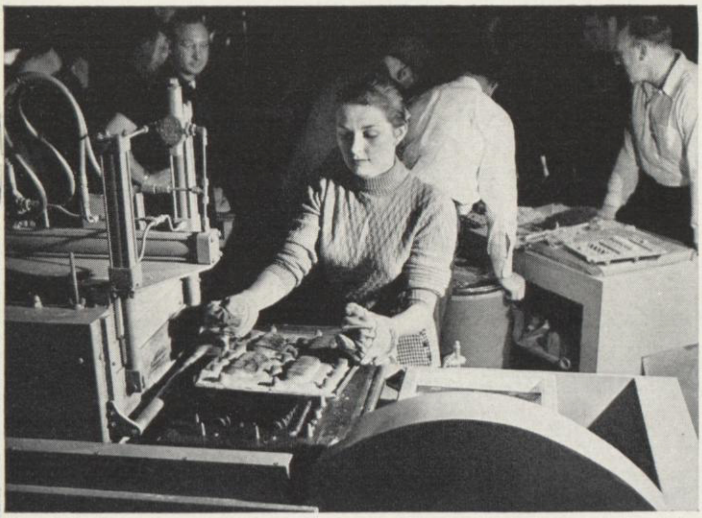
The Division manufactures a wide variety of feed ingredients, including supplements for chickens, turkeys, ducks, cattle, hogs, sheep, dogs, and even foxes and mink.

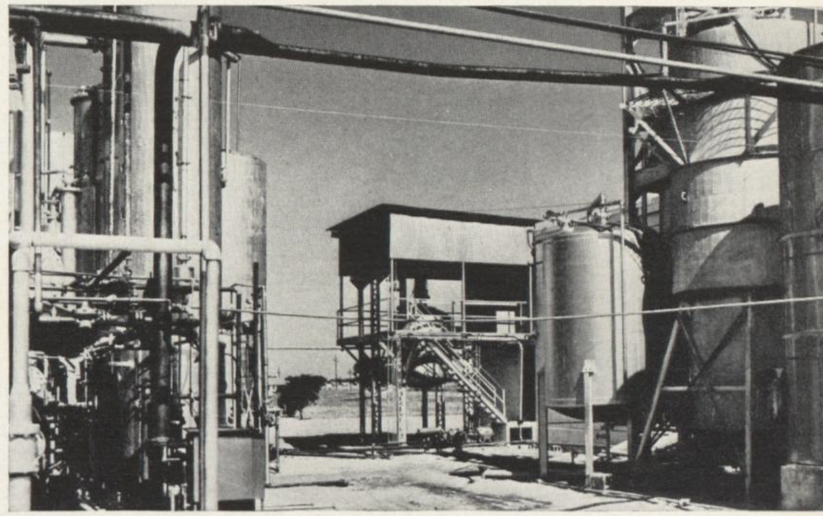
Top left . . . Some of the Special Products Division's prescription foods for infants and adults.



Bottom . . . One of BORDEN'S *soy processing plants. This one is in Kankakee, Ill.*

Chemicals





BORDEN *adhesives in consumer packages range from general household glue to completely waterproof, weatherproof resins. Similar adhesives are supplied in bulk to manufacturers.*

Upper right . . . BORDEN'S *modern, out-door plant at Demopolis, Ala., makes formaldehyde, and synthetic resin adhesives for the furniture industry.*

Upper left . . . Shell molds made from BORDEN *molding resins are light, make accurate castings.*

SALES OF OUR CHEMICAL PRODUCTS fell below the record year of 1951. Profits declined also. Business was relatively poor until mid-summer, when our sales began to reflect the marked recovery of some industries that we serve.

Activity in many of these industries had slowed down in the last quarter of 1951. As their purchases shrank, many raw materials used in making products for these industries became plentiful. The combination of these circumstances intensified competition and forced prices of some products to profitless levels.

In still other product groups price controls aggravated the situation. By failing to provide relief from rising costs, controls had the effect of cutting our profit by about half.

Our products are currently in high demand. The general business improvement, introduction of new products, and better prices for some large-volume products, promise a favorable year for 1953.

We are well equipped to handle increased volume. We completed our plant at Demopolis, Ala., for the manufacture of formaldehyde, hexamethylenetetramine, and liquid resins. Our new resin and resorcinols plant at Dominguez, Calif., has also been completed. Other plant capacities have been increased. Our new laboratory building at Philadelphia, Pa., will be completed by summer.

Food Products

*Just 100 years ago Gail Borden developed his milk-condensing process. He started with but one product—*EAGLE BRAND *condensed milk (with which the cake icing below was made)—but the company he founded in 1857 has since added hundreds of products.* EAGLE BRAND, STARLAC *nonfat dry milk (used in making the cake mix), and* BORDEN'S *instant coffee, are among the many items now produced by Borden Food Products Company.*

From Cracker Barrel to Super-Market

THE OLDEST OF THE BORDEN DIVISIONS marched through 1952 as briskly as any youngster. Behind it was nearly a century of dealing with American consumers — five generations of them. But, in addition to experience, it had the new and varied interests that preserve youth for organizations, as well as individuals. As a result, the Food Products Company Division made progress — both sales and profits were better than a year earlier.

Food Products attempts to achieve, on a narrower basis, the balanced operation which is the goal of THE BORDEN COMPANY as a whole. Its activities are diversified: It makes the oldest and the youngest of the Company's major products, handles specialties and staples, serves foreign and domestic markets. Ups and downs occur in any business as economics and consumer preferences change, but Food Products endeavors to offset reverses in one line with advances in another. Net progress is its goal.

Serving American consumers with eight familiar household items is the Division's Domestic Sales Department. Similar products in quantity are sold to food manufacturers and institutions. The Export Sales Department distributes KLIM (the best known American food in world commerce), as well as other products, and directs the Company's foreign food operations.

In 1952 the Division was busy — its 38 plants and many milk receiving stations processing products, the Sales departments finding customers for them. There was no shortage of milk, the principal ingredient used by the Division. The output of the 23,000 or more farms whose herds supply milk to the Division was greater than had been anticipated.

Sales of sweetened condensed milk, of which BORDEN'S is the principal manufacturer, held up well. EAGLE BRAND was the best seller of the ten brands we produce, and continued to be the leading product of its kind. Condensed milk, the invention of Gail Borden and the product on which the Company was founded, has weathered many changes. Its sales soared during World War II, when it was used as a sugar source, then subsided until the trend was halted in 1952.

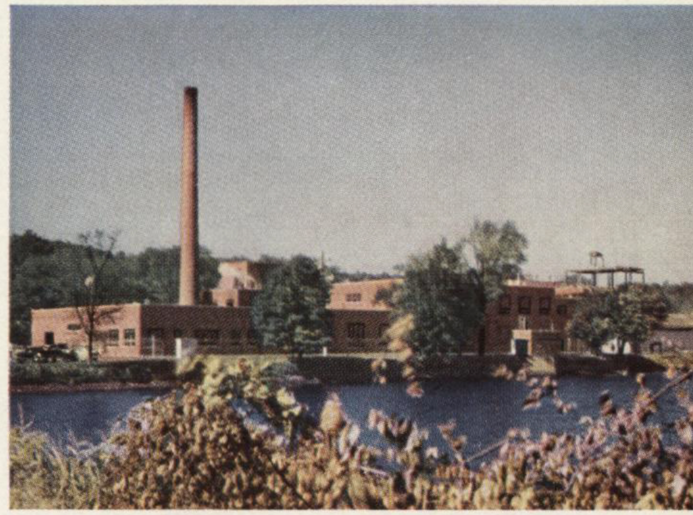
Housewives now use condensed milk to make easy and time-saving desserts. Few know its past history. But EAGLE BRAND, long the one safe source of milk, went to war with the Armies of '61. Before the days of pediatricians and tailored infant formulas, generations of infants were raised on it. Even today many identify themselves as "EAGLE BRAND BABIES."

BORDEN'S evaporated milk, which captured some

BORDEN *Vice President Willis H. Gurley (center), receives 1952 Sylvania Award on behalf of our TV program "Treasury Men in Action." Drama series was named year's best documentary program.*

Telecasting "Treasury Men in Action." Based on case histories from U. S. Treasury Department files, the program provides a public service as well as offering entertainment.

Some packaged products. The Division distributes through grocery and drug stores, sells to bakers, confectioners and other food manufacturers, hotels, restaurants and institutions.



BORDEN'S *instant coffee plant, Newport, N. Y. Our milk plant at Macon, Miss., has recently been converted, and will soon join the Newport plant in production of instant coffee.*

of EAGLE BRAND's infant food market, is one of the "big four" in the field. Its sales were better than in 1951. Since "evap" is an economical form of milk, its use rose during the depression, then leveled off as the country got prosperous. While per-person use has declined, population growth has kept overall demand fairly steady.

The newest, fastest-growing, most talked-of milk item in Food Products' line is STARLAC, which showed a big gain. STARLAC is a skim milk powder, known officially as "nonfat dry milk." The most economical source of the most important milk nutrients, skim milk powder has prospered as the national diet turns toward proteins, away from fats.

The success of STARLAC has attracted many competitors into the market. But STARLAC, the first and only consumer brand in national distribution, remains first in consumer favor. Introduction of a skim milk to a country that expects the "cream" of everything was not easy. But our promotion was aided by doctors and nutritionists who helped to cultivate a sound market with a vast potential.

Between the milk and non-milk items are INSTANT-MIX, HEMO and malted milks. HEMO sales have declined along with sales of competitive products, and malted milk has suffered because of high prices of "malts" in today's market. But INSTANT-MIX, made of chocolate, skim milk and sugar — with iron and vitamins added — is showing a steady sales gain.

Sales of NONE SUCH mince meat, oldest of our non-milk items and America's best-selling mince meat, were about the same as the high figure of 1951. Once a seasonal product, its use has broadened to maintain an around-the-calendar demand. While most NONE SUCH still goes into pies, consumers are finding it makes cookies and cakes as well, and our promotion efforts are concentrating on this newer, year-round market.

A fine sales increase was again established by BORDEN'S instant coffee. When Food Products introduced this product to consumers in 1945 — after perfecting it for Army use — only 7% of the total home coffee market was held by various instant coffees. Since then the share has grown to 18%, with BORDEN'S accounting for a good part of the increase. This growth brought companies long identified with ground coffee into the "instant" field, and sharpened the competition considerably. But BORDEN'S sales growth was not halted.

Many of the same products that are familiar to housewives are sold also — in packages ranging from 1⅛ ounce envelopes to barrels — to bakers, confectioners, food manufacturers and distributors, and large institutions. Powdered citrus fruit juices also are manufactured for this trade. Sales of this group held up well.

The Export Sales Department had a trying year. Dry whole milk is its principal product and KLIM

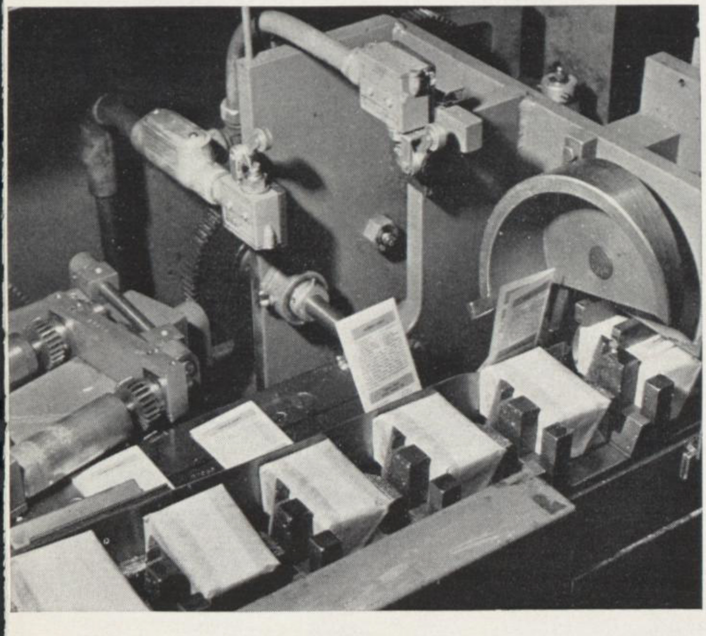
its principal brand. While not as well known in the U. S., KLIM is a veritable staff of life to people in far-off corners of the world — the 110 countries and colonies in which the Department carries on its business. Our exports faced stiff price competition from countries having lower living standards (and production costs) than America, and whose prices were, in some cases, further lowered by subsidies from their governments. Moreover, American dollars were short in many countries — another factor aiding foreign competitors. Yet, because of the broad base of its operations, Export Sales worked harder in one market as its sales opportunities diminished in another. Thus it held its volume fairly well.

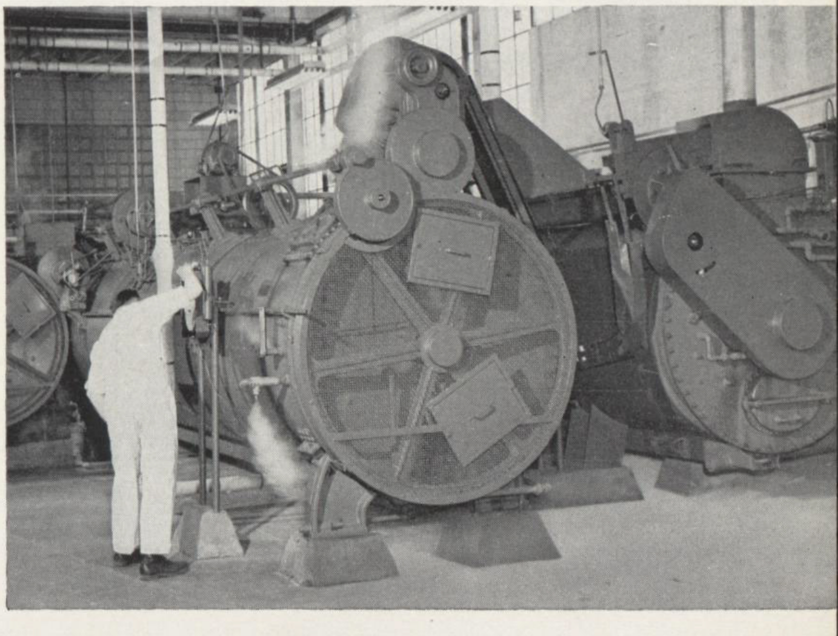
Food Products' history covers 95 years — from cracker barrel to super-market. Like the housewife, it once dealt with friendly grocers in a leisurely way. Today, the grocer is still friendly, but he has too many products, too many customers, too little time. Today's sales must be made by today's methods — by advertising, merchandising displays, and other aids to the busy grocer. To win and hold friends and customers everywhere, Food Products relies also on the BORDEN name and reputation, and the industry and loyalty of its 3,000 employees.

Left . . . Inside our Newport, N. Y., instant coffee plant. Freshly roasted coffee beans, on their way to becoming pure soluble coffee, pass through this mechanical cooler.

Below left . . . Helping to hold down costs are the thousands of machines used by modern food companies. Here NONE SUCH mince meat has recipe leaflet added before final packaging.

Below . . . Continuous-process sterilizer in a BORDEN evaporated milk plant. Cans of "evap" are pre-heated by machine at right, pass into sterilizer (center), then to cooler at left.





Stockholders

"STOCKHOLDERS, ONCE-REMOVED." Charity, education and religion are all large stockholders in American business. Much of what they do for mankind depends upon the profits of big corporations. For here they invest funds in the expectation of earning dividends to carry on each year's good work.

It is hard to approximate the billions of dollars that worthy institutions and organizations entrust to business. And it is, of course, impossible to estimate the numbers of "stockholders, once-removed" — the millions who benefit directly from institutional stockholders' works, and thus indirectly from corporations' dividends.

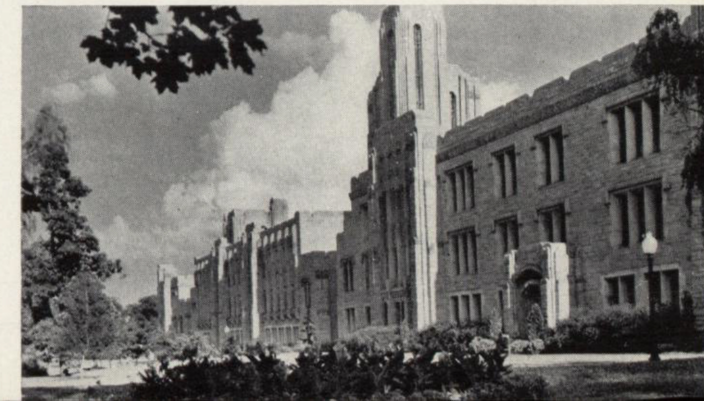
But we do know that hundreds of institutions own BORDEN stock. And we admire their work — their orphanages and homes for the aged, churches and hospitals, colleges and research centers, libraries and museums. We are proud of their trust in BORDEN'S, happy that our dividends support so many good causes, sorry we can't picture more of our "stockholders, once-removed" on this page.

Housemother reads to youngsters at Norwegian Lutheran Children's Home. Right . . . Butler University — center of learning in central Indiana.

Children's sketch class—one of many community activities of the Baltimore Museum of Art.

Left . . . St. Luke's Hospital, Newburgh, N. Y.
Right . . . St. Thomas' Church, Washington, D. C.

Above . . . The Boston Athenæum — a library and literary meeting-place founded in the early 1800's.



Food for America

KEEPING AMERICANS THE WORLD'S BEST-FED PEOPLE is not a simple job. In quantity alone, the average American table would not take second place to a Roman banquet. And for variety and quality our food supply exceeds anything that Nero's chefs ever put together for their imperial boss. The Maine potato-grower is used to Florida oranges, California grapes and Hawaiian pineapples—and he gets them fresh, too.

The industry that feeds America is unparalleled in any other country for its size and complexity. As one of its most important divisions, the American dairy business is as reliable and as delicately balanced as a fine watch. And it has to be, in order to supply the average American with the 730 pounds of milk he consumes as dairy products in an average year.

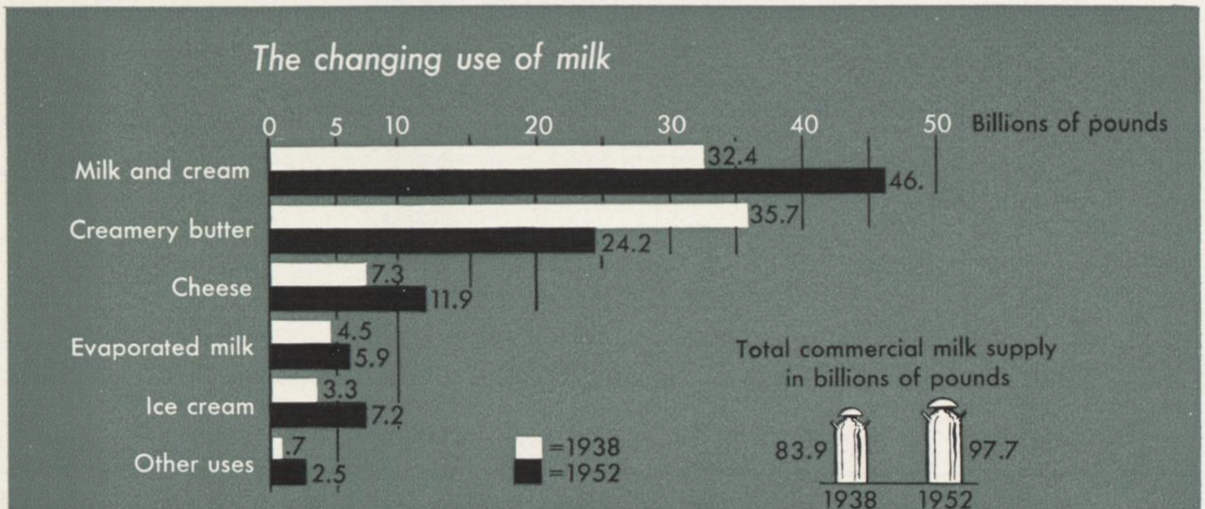
To start with, there are some 23,500,000 producing units — dairy cows which must be milked twice daily. They are located on some 3,650,000 dairy farms, centered in the great milk-producing region of the Middle West but spread out to wherever milk drinkers live. From this great nation-wide milk shed the dairy industry collects its raw products, processes or manufactures them into finished goods and distributes them throughout the country.

No one knows exactly how many processing and distributing units there are in the industry. But a few random statistics give a rough picture of its size and scope:

About 450 dry milk plants and 119 evaporating plants; 2,100 cheese factories; 2,900 butter plants; 3,200 ice cream factories, plus 13,000 retail plants; and approximately 15,000 milk dealers.

The very vastness of the dairy market makes it impossible for any single company to dominate it. Some concerns supply one, others another product. Most operate locally, a small number serve wider, regional areas. A few are looked upon as "national" companies. But none of these, handling many products as each does, distributes nationally in the same sense that a maker of cigarettes or autos does. The activities of the leaders are actually not comparable; while they have some common interests, they also have divergent interests and no two have relatively the same stake in any product. Competing with one another, they compete also with other concerns in the *non-dairy* fields into which they have branched to strengthen themselves.

This great industry is an essential machinery for keeping our people well fed and their living standard the world's finest.



Sources: 1938, U. S. Dept. of Agriculture; 1952, U. S. Dept. of Agriculture (preliminary figures), Borden's.

ASSETS

			December 31 1952	1951
CURRENT ASSETS:				
Cash			$ 29,418,996	$ 35,431,214
United States Government Securities			2,985,200	4,882,150
Receivables (Less Reserves—1952, $3,652,325; 1951, $3,547,122)			41,758,404	41,067,076
Inventories (Note 2):	1952	1951		
Finished Goods	$54,923,974	$46,311,002		
Materials and Supplies	32,423,742	32,901,468		
Total (certain products at Income Tax Lifo basis adopted as of January 1, 1950)	$87,347,716	$79,212,470		
Less excess as of January 1, 1950 of tax Lifo basis over book Lifo basis previously adopted	5,469,633	5,469,633	81,878,083	73,742,837
Total Current Assets			$156,040,683	$155,123,277
INVESTMENTS AND OTHER ASSETS:				
Unconsolidated Subsidiaries (Foreign and Domestic)			$ 4,477,216	$ 4,095,741
United States and Canadian Government Securities on Deposit (Pursuant to Workmen's Compensation Laws, etc.)			1,720,657	845,430
Mortgages, Receivables, etc. (Note 6)			4,675,152	5,805,206
Total			$ 10,873,025	$ 10,746,377
Less Reserves			840,614	1,015,024
Net Investments and Other Assets			$ 10,032,411	$ 9,731,353
PROPERTY AND EQUIPMENT			$219,487,155	$208,894,814
Less Reserves for Depreciation			101,724,036	93,006,980
Net Property and Equipment			$117,763,119	$115,887,834
DEFERRED CHARGES			$ 2,013,053	$ 2,176,086
TRADE-MARKS, PATENTS AND GOOD-WILL			$ 1	$ 1
TOTAL			$285,849,267	$282,918,551

See Page 23 for notes to financial statements.

LIABILITIES

	December 31 1952	1951
CURRENT LIABILITIES:		
Accounts Payable	$ 28,441,540	$ 27,810,292
Accrued Accounts:		
Taxes (after deducting Treasury Savings Notes equal to U. S. Federal Income Taxes—1952, $16,000,000; 1951, $18,600,000)	2,938,155	3,492,386
Other	8,739,701	8,833,388
Total Current Liabilities	$ 40,119,396	$ 40,136,066
THIRTY YEAR 2⅞% DEBENTURES DUE 1981 (Note 3)	$ 58,750,000	$ 60,000,000
RESERVES:		
Insurance	$ 7,198,915	$ 6,993,806
Other	2,768,405	3,771,319
Total Reserves	$ 9,967,320	$ 10,765,125
CAPITAL STOCK AND SURPLUS:		
Capital Stock—par value $15 per share—		
Authorized 8,000,000 shares; Issued 4,417,958 shares	$ 66,269,370	$ 66,269,370
Capital Surplus (Note 4)	14,417,857	14,386,535
Earned Surplus (Earnings retained for use in the business):		
Appropriated (Note 5)		12,000,000
Unappropriated	100,327,991	83,081,186
Total	$181,015,218	$175,737,091
Less Treasury Stock—At Cost (Note 6)— (1952, 122,958 shares; 1951, 117,958 shares)	4,002,667	3,719,731
Capital Stock Outstanding—(1952, 4,295,000 shares; 1951, 4,300,000 shares) and Surplus	$177,012,551	$172,017,360
TOTAL	$285,849,267	$282,918,551

	Year Ended December 31 1952	1951
NET SALES	$768,019,612	$722,770,380
OTHER INCOME (Includes Interest, Dividends and Royalties— 1952, $1,417,329; 1951, $1,000,310)	1,972,679	1,687,334
TOTAL	$769,992,291	$724,457,714
LESS:		
Cost of Goods Sold	$682,422,072	$634,144,022
Selling, General and Administrative Expenses and Other Charges	52,389,357	50,755,694
Interest Expense	1,771,315	2,349,086
Provision for U. S. and Canadian Federal Income Taxes (Less $774,511 in 1952 resulting from carry-back of unused U. S. Federal Excess Profits Tax Credit)	15,742,410	19,128,541
TOTAL	$752,325,154	$706,377,343
NET INCOME FOR THE YEAR	$ 17,667,137	$ 18,080,371
EARNED SURPLUS (Unappropriated) AT BEGINNING OF YEAR	83,081,186	77,326,831
ADD—Appropriated Earned Surplus (Note 5)	12,000,000	
TOTAL	$112,748,323	$ 95,407,202
DEDUCT:		
Dividends paid ($2.80 a share in 1952 and 1951)	$ 12,027,145	$ 12,036,366
Write-off of Good-Will Purchased during the Year	393,187	289,650
TOTAL	$ 12,420,332	$ 12,326,016
EARNED SURPLUS (Unappropriated) AT END OF YEAR *(Earnings retained for use in the business)*	$100,327,991	$ 83,081,186

See Page 23 for notes to financial statements.

Notes to Financial Statements

(1) **BASIS OF CONSOLIDATION:**

The financial statements include all Canadian subsidiaries and all domestic subsidiaries except one whose operations are not integrated with those of the Company. In consolidating the accounts of Canadian subsidiaries for 1952, assets, liabilities and net income were converted at parity of exchange.

The Company's equity (approximately $1,250,000 for 1952, and $1,850,000 for 1951) in the net income of unconsolidated foreign and domestic subsidiaries is included in consolidated net income only to the extent of dividends received (in 1952—$570,850; in 1951–$44,000). The Company's equity in the net tangible assets of these unconsolidated subsidiaries at December 31, 1952, as shown by their books, is approximately $4,850,000 more than its investments in these subsidiaries.

Certain items previously reported as a part of cost of goods sold, and selling, general and administrative expenses and other charges were reclassified for 1952. This change had no effect on net income for the year. The 1951 figures submitted for comparative purposes have been similarly reclassified.

(2) **INVENTORIES:**

In valuing inventories and in determining the cost of goods sold, average costs (reduced to market if lower) were used, except as to certain products for which the last-in, first-out (Lifo) method was used. For the years from 1939 to 1949, inclusive, the Lifo method was so used for accounting but not for income tax purposes. As of January 1, 1950, the Lifo method was adopted for income tax purposes for all of the products previously on the book Lifo basis plus certain other products. This necessitated restatement of inventory values as of December 31, 1949 on the Income Tax Lifo basis, resulting in Income Tax Lifo values which were $5,469,633 more than the book Lifo values previously adopted. In the Consolidated Balance Sheet this latter amount has been deducted from the inventories, including those on the Income Tax Lifo basis, and can be utilized, for accounting but not for income tax purposes, if market prices of products on the Income Tax Lifo basis decline below values as of January 1, 1950.

(3) **DEBENTURES:**

The Company shall pay into a sinking fund a sum sufficient to redeem on March 1, 1954, and on each March 1 thereafter, to and including March 1, 1980, $1,250,000 principal amount of Debentures with the option to increase any payment by an amount not exceeding $1,250,000. The sinking fund obligation due on March 1, 1953 was satisfied prior to December 31, 1952 by delivery to and cancellation by the sinking fund agent of Debentures of a principal amount of $1,250,000. Discount and expense of this issue are being amortized over the period during which the Debentures are outstanding.

(4) **CAPITAL SURPLUS:**

During the year, $31,322 was credited to Capital Surplus representing proceeds from disposal of properties previously written off against this account.

(5) **APPROPRIATED EARNED SURPLUS:**

During 1952, amounts previously shown as appropriations from Earned Surplus of $2,000,000 for Contingencies, $5,000,000 for Possible Inventory Price Declines and $5,000,000 for Losses on Unusual Property Disposals were restored to Unappropriated Earned Surplus.

(6) **STOCK OPTIONS:**

Capital stock of the Company held in the treasury at December 31, 1952 includes 35,500 shares reserved under the Officers and Employees Stock Option Plan as approved by the stockholders. Of the shares so reserved, 10,000 shares relate to options at $36.25 a share granted on March 31, 1945 and expiring on March 30, 1955, and 25,500 shares relate to options at $45.75 a share granted on January 3, 1946 and expiring on January 2, 1956. The option price in each case was $1.00 more than the last sale on the New York Stock Exchange preceding the date of the issuance of said options. At December 31, 1952, balances receivable for stock purchased under the Plan aggregate $155,550 which amount is included with Mortgages, Receivables, etc.

(7) **DEPRECIATION AND RENTALS:**

Provision for depreciation charged to operations was $12,301,608 for 1952 and $11,285,846 for 1951. Rentals amounted to approximately $2,960,000 for 1952, of which $940,000 was related to long-term leases.

(8) **CONTINGENCIES:**

The Company was guarantor of bank loans to foreign affiliated companies in amounts aggregating approximately $1,800,000 at December 31, 1952. See comment on page six of this Report for reference to litigation.

Accountants' Certificate

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

250 PARK AVENUE
NEW YORK 17

February 18, 1953.

THE BORDEN COMPANY:

We have examined the consolidated balance sheet of THE BORDEN COMPANY and Consolidated Subsidiaries as of December 31, 1952 and the related statement of consolidated net income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated net income and earned surplus present fairly the financial position of the companies at December 31, 1952 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

"All Aboard, America," sang Elsie as she dispatched the first "train" on ELSIE'S GOOD FOOD LINE. A novel advertising device developed to sell the full line of BORDEN products, the train had its first run in our national magazine advertisements. Then, with a car for each featured BORDEN product, the train chugged into our animated TV commercials to the accompaniment of a cheerful railroad song, which was heard also in our radio advertising. Before the year was over, Elsie's railroad had become a familiar sight in stores across the nation as the Company's salesmen used it in many forms to promote our foods. Apparently people approve of Elsie working on the railroad because our latest surveys show that almost 80% of Americans know Elsie and whose products she's selling when the whistle of the Elsie Express toots:

"Good Food!"

"Good Food!"

Printed in U.S.A.


BORDEN'S
1857